Outsourcing Logistics Information Management (Software As A Service)

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## Defense Logistics Information Management

**FLE Process Metrics**

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>METRIC</th>
<th>MEASURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Minimize Cost</td>
<td>Item total cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost per transaction</td>
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<td></td>
<td></td>
<td>Cost per seat</td>
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<tr>
<td></td>
<td></td>
<td>Logistics IT system count</td>
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</tbody>
</table>
The Difficulty of Managing Defense Logistics Information

- Distributed computing environment with too many disparate legacy systems
- Inconsistent system performance and availability
- Software implementations take too long and cost too much
- Installed systems have high maintenance costs
- Insufficient number of trained personnel for IT systems management
Critical Issues for Defense Logistics Information Management

- Technology
  - Loss of data (disasters, sabotage)
  - Security (compromise of data and systems)
  - Connectivity (no or low bandwidth)
  - Slow response times
  - High cost of ownership

- Applications
  - Old, outdated programs in obsolete or proprietary code
  - Long upgrade and update cycles
  - Fragmented data
  - Difficult and expensive integration among systems
  - Long, expensive implementations (GOTS & COTS)
  - High cost of ownership
“Customers can spend up to 4 times the cost of their software license per year to own and manage their applications.”

-Brian Zrimsek
Research Director
The Gartner Group
January 2003
The High Cost of Managing Software

**Software Cost**

$1M one time

**Management Cost**

4x Purchase Price PER YEAR

$4M per year

$20M over 5 years
A New Way of Dealing with the Problem

• Outsourcing for key software management services
  • Availability Management
  • Performance Management
  • Security Management
  • Change Management
  • Problem Management
Outsourcing: Evolution of the Industry

Traditional IT

In-house Operations, Management, Administration

Software As A Service

On-Demand Computing
Applications Hosting
Servicing Software
Online Support Services
Managed Services
Application Service Provider

Better Service
Faster Service
Lower Cost
Oracle Outsourcing

**Applications**
- E-Business
  - e-business suite
- Technology
  - ISV or Cust
- Collaboration
  - ISV or Cust

**Support**
- Partner
  - Oracle
  - Oracle Manages Availability
    - Security
    - Performance
    - Change
    - Problems

**Implementation**
- Partner
  - Customer

**Apps Admin**
- DB/AS Admin
- System Admin
- HW Admin
Oracle Outsourcing

- Deployment options (set monthly fee)
  - @ Oracle (4 secure data centers)
  - @ Customer
- Examples of Oracle’s 590 Customers
  - Hellman Worldwide Logistics
  - UNOCAL
  - Tropicana
  - Kvaerner Pulping
  - National Endowment for the Humanities
  - Department of the Interior
- Soon to be:
  - Other Federal Civil Agencies & DOD customers
Customer Benefits Achieved with Outsourcing

• Availability Management
  – 24X7 expert systems monitoring
  – Two hour disaster recovery time

• Performance Management
  • Up to 40% improvement in transaction processing time

• Security Management
  • Automatic testing & application of all software patches

• Change Management
  • Automatic upgrades reduce time & complexity

• Problem Management
  • Customers file 50% fewer support requests
  • Requests resolved 50% faster compared to offline environment
  • 60% of problems resolved without any customer intervention

50% reduction in software costs!